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**UNITED STATES DISTRICT COURT  
DISTRICT OF OREGON**

In re GALENA BIOPHARMA INC. DERIVATIVE  
LITIGATION

\_\_\_\_\_  
This document relates to:  
ALL ACTIONS

**CASE No.:3:14-cv-00367-SI**

**[PROPOSED] AMICUS BRIEF OF  
SECURITIES CLASS ACTION  
PLAINTIFFS**

Kisuk Cho, Anthony Kim, Pantelis Lavidas, and Joseph Buscema (the “Securities Plaintiffs”), who are the lead plaintiffs in the securities class action *In re Galena Biopharma, Inc. Securities Litigation*, 3:14-cv-367-SI (D. Or.) (the “Securities Class Action”), file this Amicus Brief in response to Plaintiffs’ Unopposed Motion for Final Approval of Proposed Settlement, Award of Agreed-To Attorneys’ Fees and Reimbursement of Expenses and Incentive Awards (the “Derivative Approval Motion”), filed by Plaintiffs Jeffrey Klein, David Fuhs, Pratik Rathore, and Harold Spradling (the “Derivative Plaintiffs”). The Securities Plaintiffs file this Amicus Brief to clarify for the Court how and when each settlement was achieved.

The Securities Plaintiffs’ proposed Settlement was reached after the parties engaged in hard-fought and arm’s length settlement negotiations before former United States District Judge Layn R. Phillips in two separate mediations, spanning six months, taking place on March 2 and September 19, 2015. The parties to the Securities Settlement signed a term sheet on December 3, 2015, providing for the material terms of the settlement, which consist of \$19.0 million in cash and \$1.0 million in Galena stock. The Securities Class Action Settlement, *see* Exhibit 1, hereto, will resolve claims pursuant to the Securities Exchange Act of 1934 (“Exchange Act”) against the Galena related Defendants on behalf of a class of people who purchased or otherwise acquired common stock of Galena Biopharma, Inc. (“Galena” or the “Company”) during the period between August 6, 2013 and May 14, 2014, both dates inclusive (“Class”).<sup>1</sup>

While the Securities Class Action and this Derivative Action seek relief arising from damages caused by the same fraudulent scheme allegedly committed by officers of Galena

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<sup>1</sup> The Securities Plaintiffs have not settled their claims against the third party promoters, The DreamTeam Group, LLC, Lidingo, Holdings, LLC, Kamilla Bjorlin, and Michael McCarthy. The case is ongoing against those Defendants.

Biopharma, Inc, the Derivative Action’s claims are separate and very different from the securities claims.

The material terms of the Securities Class Action Settlement were negotiated by the Securities Class Plaintiffs in the Securities Class Action prior to any resolution of this Derivative Action. Moreover, the amount of consideration in the Securities Class Action Settlement is entirely attributable to the efforts of the Securities Plaintiffs. *Id.* at ¶83, p.51.

Pursuant to the Stipulation of Settlement in the Securities Class Action, \$16.7 million of the \$19 million was paid in cash by Galena’s insurers, American International Group, Inc. (“AIG”), who paid \$1.7 million, and XL Insurance and Continental Casualty Company (“XL” and “CNA”), who paid \$15.0 million. The \$15.0 million payment from XL and CNA, which the Defendants in the Securities Class Action stipulated would be paid by the insurance carriers into the Securities Class Action Escrow Account, is the same \$15.0 million Derivative plaintiffs claim in the Derivative Approval Motion.<sup>2</sup> If the Court approves the Securities Settlement, it will be paid out to the Securities Class Action class.

Thus, the \$15.0 million referenced in the Derivative Approval Motion is not *in addition to*, but is rather *a part of*, the \$19.0 million cash consideration of the negotiated in the Securities Settlement.

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<sup>2</sup> The remaining \$1.7 million AIG payment was paid directly into the Securities Class Action Escrow Account.

Dated: April 7, 2016

Respectfully submitted,

**RANSOM, GILBERTSON, MARTIN &  
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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that I electronically filed the foregoing with the Clerk of Court using the CM/ECF system which will send a notice of electronic filing to all counsel of record who have consented to electronic notification. I further certify that I mailed the foregoing document and the notice of electronic filing by first-class mail to all non-CM/ECF participants.

DATED: April 7, 2016

/s/ Jeffrey Ratliff